



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



JULY 31, 2001

Value-Enhanced Focus for U.S. Grains Council Conference (1st of 2 parts). On July 23-28, the U.S. Grains Council held its 3^d Annual Value-Enhanced Conference and Trade Show in Portland, OR. Value-enhanced grains (VEG) are modified to produce quality traits specific to nutrition, color, transport, storage, or any other characteristic that would add value for the end-user. The conference provided insight into the future of VEG and addressed issues involved in contracting for VEG shipments. Speakers also discussed terms, issues, and opportunities for biotechnology as well as the traceability and handling of identity-preserved grain shipments.

The U.S. Grains Council is a private, nonprofit corporation whose goal is to develop export markets for U.S. barley, corn, grain sorghum, and related products through programs in more than 80 countries, tailored to meet the individual countries' cultures and needs. The Council operates with the belief that exports are vital to global economic development and the profitability of U.S. agriculture. This year's conference was especially significant since, in addition to the many U.S. suppliers and industry representatives in attendance, it provided a forum whereby representatives from nearly 20 agricultural importing countries (nearly a quarter of conference attendees) were able to learn more about value-enhanced grains and discuss their specific commodity needs with U.S. suppliers.

Mattie Sharpless, Acting Administrator of USDA's Foreign Agricultural Service, who commended the Council on its leadership role in promoting agricultural trade, spoke of food safety and quality, biotechnology, and the U.S. trade strategy. Through sanitary and phytosanitary standards, USDA provides comprehensive protections in maintaining food safety and quality. These issues are fundamental to global competitiveness, and consumers need to feel that Government regulations are comprehensive and transparent, according to Sharpless. It was noted that the United States is party to only 2 of the more than 130 trade agreements worldwide, meaning that competitor countries are reaping the rewards from these international trade agreements. With trade promotion policy heading the Bush Administration's agenda, Sharpless stated the need for such changes as a reduction in trade tariffs, the elimination of export subsidies, and establishment of policy on trade distorting effects.

Mark Scholl of ExSeed Genetics spoke of the future of value-enhanced grain, emphasizing that, although the spirit of differentiation is not a new concept, change is coming in the form of worldwide competition. As efficient as U.S. agriculture is, competitor countries are realizing increased production at less cost. According to Scholl, U.S. agriculture has comparative advantages of a stable government; infrastructure system; the use of capital markets; and educated, innovative, and strong-willed people. As U.S. manufacturing has had to change over the years to remain competitive, agriculture should ask if genetics is adding incremental value to the acre and is commercially viable. He urged producers to spend years, and be consistent, in developing markets, both domestic and foreign. Scholl also noted the need to produce "more" than a commodity, understanding its end-use and adjusting production accordingly; to use and be aware of changes in technology, while working with researchers; and to work with commodity (or product) groups to share ideas. To increase revenue, Scholl said that producers should rely more heavily on improving production than on Government programs.

Steve Hofing of Agriculture Education and Consulting offered insight into VEG quality and marketability. Grain moisture content, physical properties, chemical composition, variability, and storage and logistics are factors which must be managed to maximize value and marketability. Hofing stated that the traditional global value food chain must evolve from delivering a product of "buy-low, sell-high," with minimal consideration to the end-user, to one which will meet specific consumer needs. Value-enhanced corn production has increased from 3.3 percent in 1996 to 6.7 percent in 2000, while moisture levels decreased from 22 percent to 16 percent. The value-enhanced benefits of low temperature dried corn (field dried or dried at moderate temperatures) will be lower stress cracks and less susceptibility to mechanical damage during handling. The 2000 crop was of above average quality, according to Hofing.

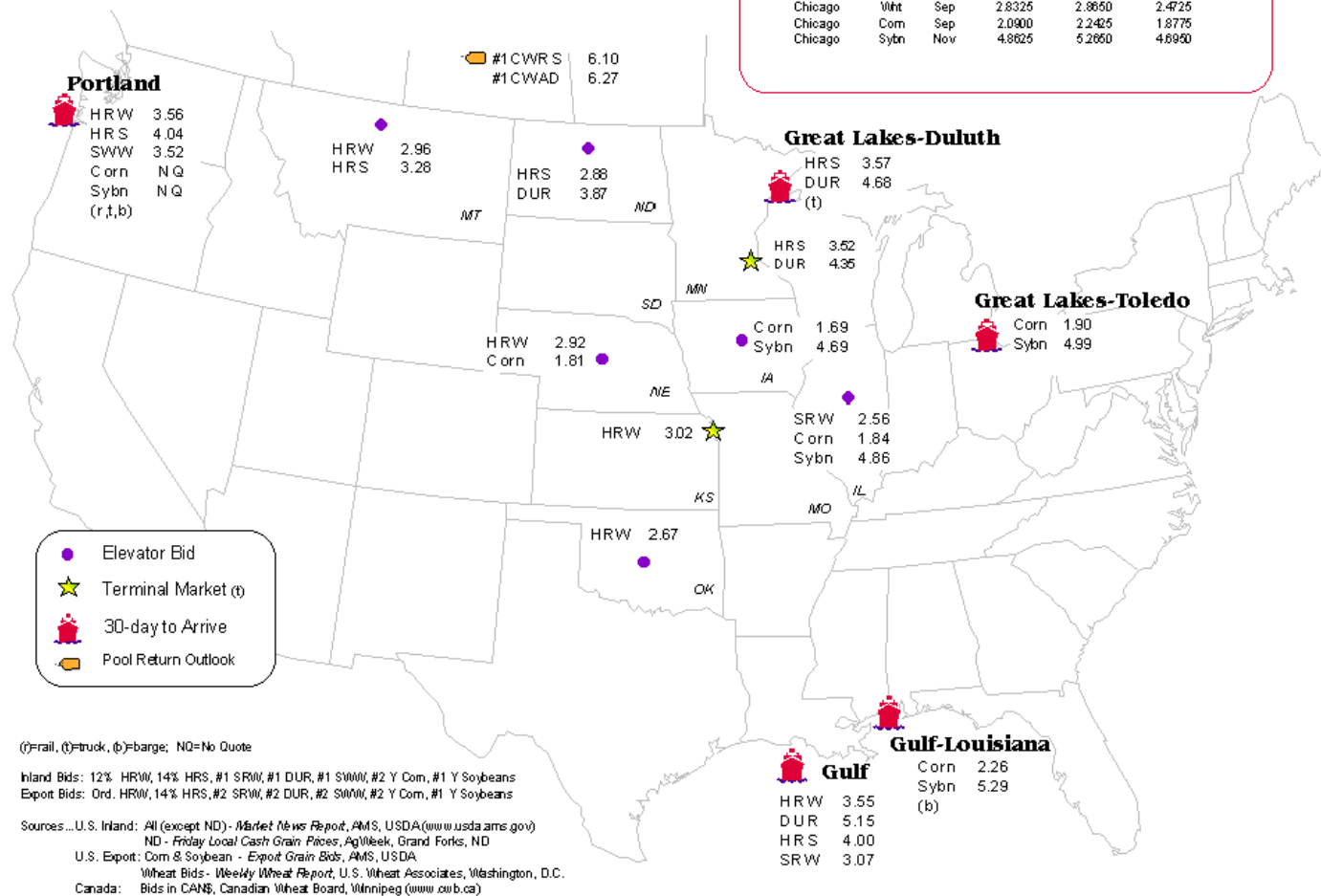
Gary Blumenthal of the Washington, DC-based World Perspectives, Inc. discussed the promising opportunities available for VEG, particularly corn and sorghum. VEG is separated into two categories: (1) VEG with compositional traits, such as high oil content, higher protein levels, specific amino acids, or a particular level of starch, and (2) VEG with management and handling traits, such as low stress cracks or freedom from pesticides (as with organic crops).

The World Perspectives website <http://www.vegrains.org>, sponsored by the U.S. Grains Council, offers extensive information about VEG as well as its advantages, products, and specifications. The Council's website at <http://www.grains.org> provides additional information about the U.S. Grains Council, the recent conference, as well as VEG.

Next week: Opportunities for Biotech, Contracting for VEG, Traceability of Identity-Preserved (IP) Shipments, and IP Handling.

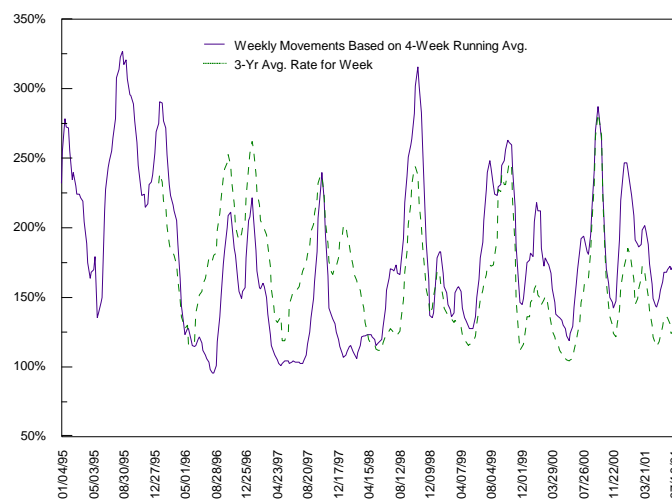
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Grain Bid Summary

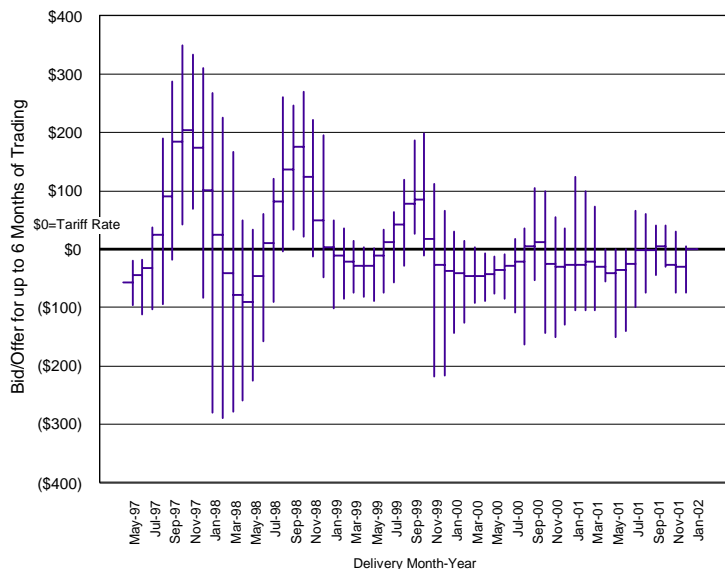


Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



Secondary Rail Market Bids



Rail Car 'Auction' Offerings

Delivery for:	Sep-01		Nov-01	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	11,689	65%	14,109	60%
UP-GCAS	5,400	10%	no offer	

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Aug-01	Sep-01	Oct-01	Nov-01
BNSF-GF	\$40	\$39	\$40	\$12
UP-Pool	\$43	\$50	\$50	\$(14)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;
GF=Guaranteed Freight, GEEP=Guaranteed Eght. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Sep-01	Oct-01	Nov-01
COT/N. Grain	sold out	\$3	\$0
COT/S. Grain	\$1	\$0	\$0
GCAS/Region 2	\$3	no offer	no offer
GCAS/Region 4	no bid	no offer	no offer

Source: T&M/AMS USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal/Cash Basis Values**

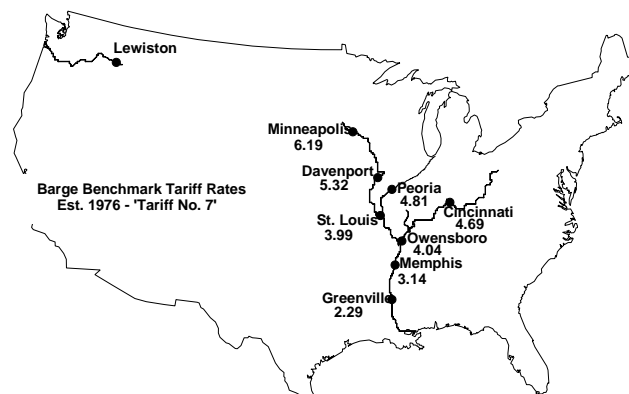
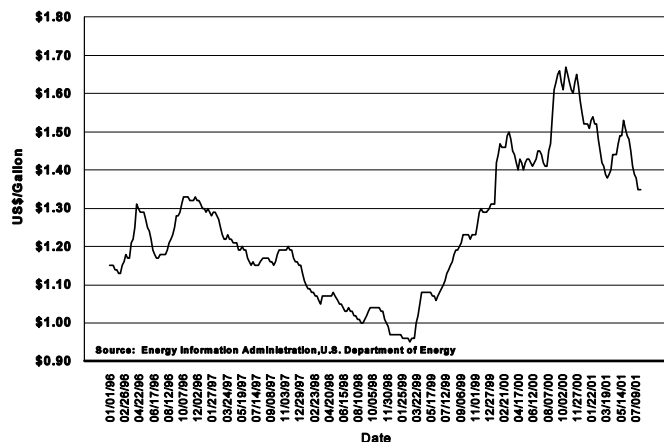
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate	
			Futures	Cash
07/31/01	St. Louis	Aug	153	160
		Oct	200	213
		Dec	135	145
		Feb	135	145
		Apr	140	0
	Illinois River	Aug	185	185
		Oct	250	238
		Dec	163	170
		Feb	0	185
		Apr	0	0

Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates

	7/25/01	7/18/01	Aug '01	Oct '01
Twin Cities	223	231	235	282
Mid-Mississippi	186	203	204	248
Illinois River	175	181	194	242
St. Louis	138	137	165	218
Lower Ohio	168	149	185	243
Cairo-Memphis	128	123	159	217

Source: Transportation & Marketing /AMS/USDA
nq=no quote;**Weekly Retail Diesel (Road) Prices (Including Taxes)**

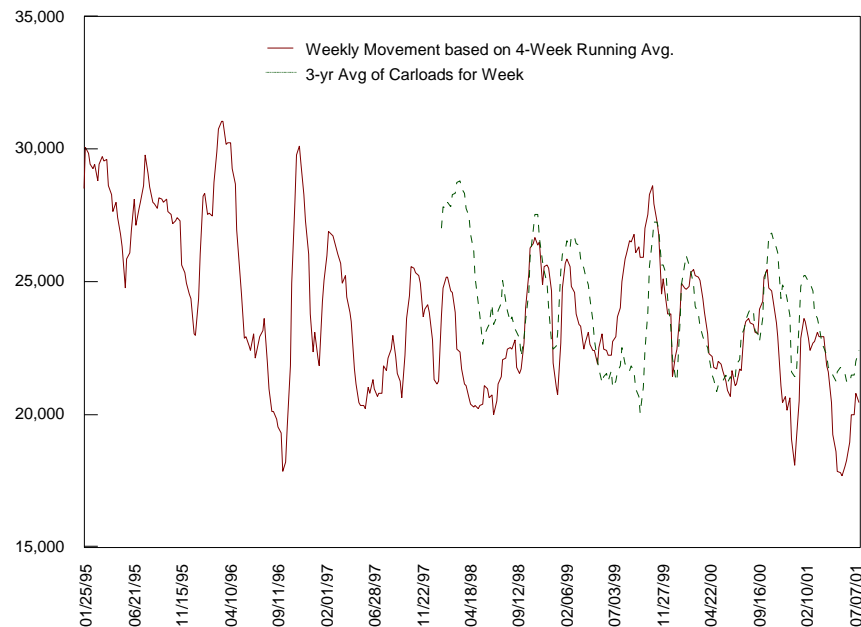
Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings

Week Ending:	Carloads
7/7/01	18,367
07/14/01	22,226
07/21/01	19,491
Year to Date - 2001	606,358
Year to Date - 2000	670,335
Total 2000	1,188,917
Total 1999	1,270,375

Source: Association of American Railroads

Carloads



Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

	Conrail	CSXT	East IC	NS	BNSF	West KCS	UP	Canada CN	CP
07/21/01	0	2,716	0	3,035	6,939	617	6,184	5,811	4,264
This Week Last Year	0	2,902	1,858	3,321	7,730	523	7,219	2,882	5,344
2001 YTD	0	88,108	0	90,387	224,523	13,399	189,941	143,241	128,398
2000 YTD	0	81,385	51,465	84,978	222,567	15,837	214,103	77,973	131,616
2000 Total	0	147,708	70,155	153,905	425,849	26,515	364,785	160,749	239,670
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

July 2001

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
07/09/01	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
07/09/01	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
07/09/01	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
07/09/01	43586	Wheat	Kansas City, MO	Portland, OR	\$4,240	\$46.74	\$1.27
07/09/01	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$43.04	\$1.17
07/09/01	31040	Corn	Minneapolis, MN	Portland, OR	\$2,900	\$31.97	\$0.81
07/09/01	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
07/09/01	31040	Corn	Omaha, NE	Portland, OR	\$2,700	\$29.76	\$0.76
07/09/01	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,730	\$30.09	\$0.82
07/09/01	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port

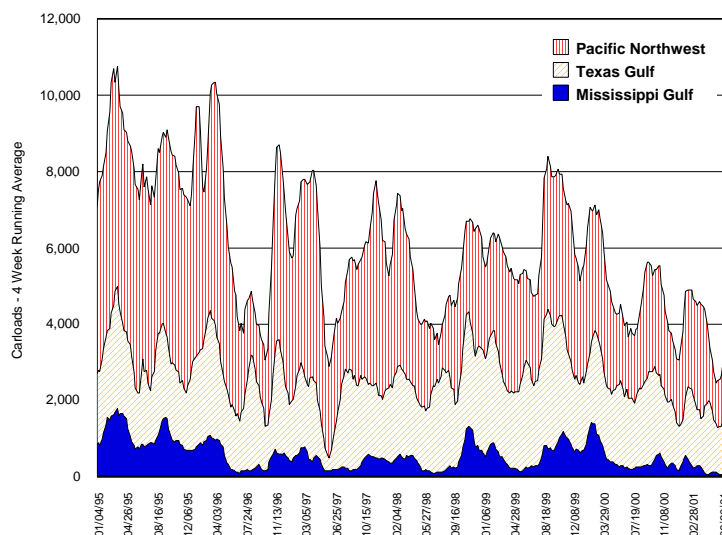
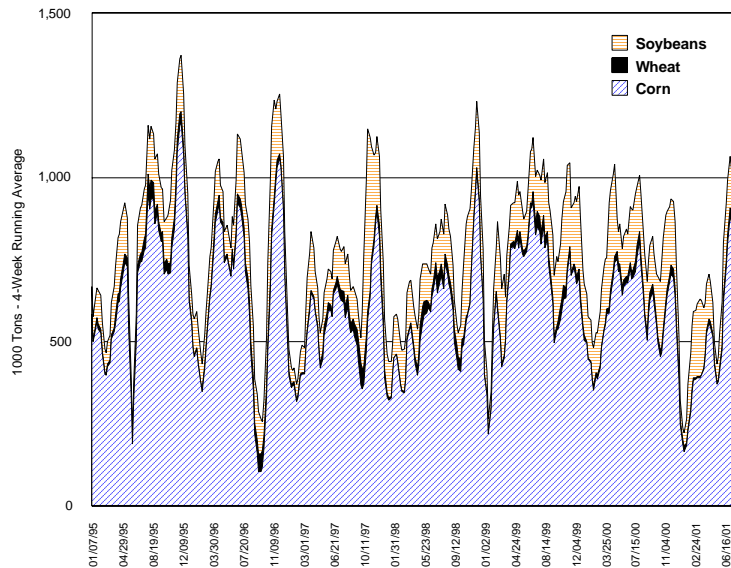
Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
06/20/01	103*	1,142	1,791	102
06/27/01	34*	2,157**	1,784	705
07/04/01	31*	2,142	1,968	139
07/11/01	140*	879	2,345	309
07/18/01	101*	956**	2,460	470
07/25/01	7*	998	2,703	54
YTD 2001	5,513*	45,054**	63,776	15,409
YTD 2000	18,269	61,019	76,956	8,121
Total 2000	25,675	105,308	129,464	14,816
Total 1999	30,038	132,069	161,492	14,446

Source: Transportation & Marketing/AMS/USDA

(*) Incomplete Data

(**) Revised Data

Rail Deliveries to Port**Barge Movements - Locks 27****Barge Grain Movements**

for week ending 7/21/01

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	395	18	35	457
Winfield, MO (L25)	360	0	66	426
Alton, IL (L26)	507	8	125	639
Granite City, IL (L27)	499	20	123	642
Illinois River (L8)	138	7	49	194
Ohio (L52)	33	12	18	119
Arkansas (L1)	0	47	0	47
2001 YTD	16,488	1,235	5,240	24,127
2000 YTD	18,520	1,237	5,266	26,088
Total 2000	33,482	2,518	10,327	48,247
Total 1999	36,711	2,883	9,771	51,887

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers; n/a=not available

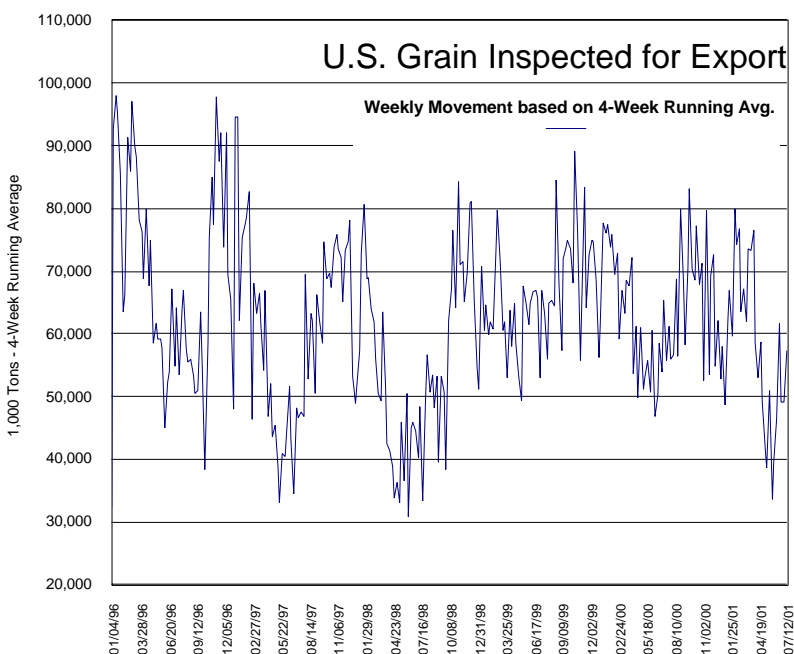
U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	Wheat <i>SWW</i>	<i>DUR</i>	<i>All</i>	Corn	Soybean	Total
<u>Unshipped Exports-Crop Year</u>									
07/19/01	1,253	797	820	528	288	3,687	8,839	3,790	16,316
This Week Year Ago	1,143	512	839	789	354	3,637	8,356	3,150	15,143
<u>Cumulative Exports-Crop Year</u>									
00/01 YTD	1,042	512	610	339	97	2,599	39,922	25,829	68,350
99/00 YTD	1,335	806	756	427	100	3,423	42,560	17,713	63,696
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

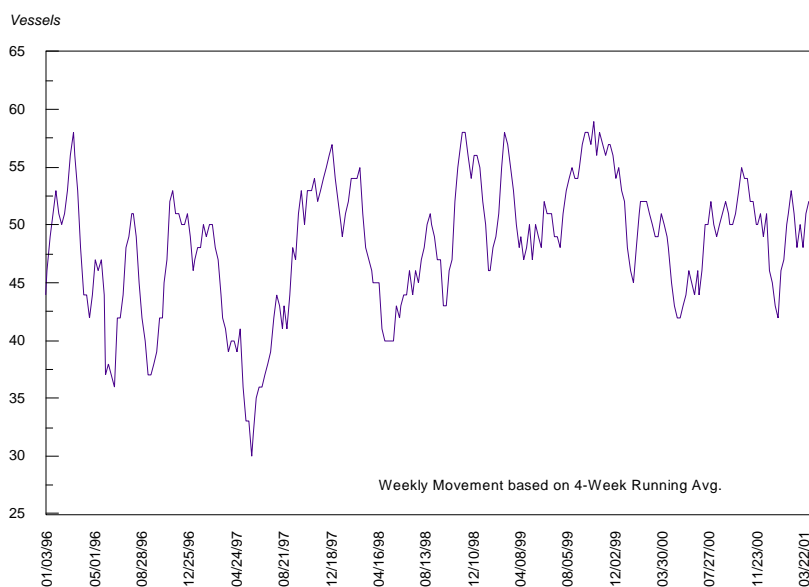
	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
07/26/01	101	178	21	62	857	151	102	0	0
2001 YTD	5,386	2,890	1,307	3,109	18,768	8,747	3,129	171	837
2000 YTD	5,346	3,802	773	3,740	19,309	9,750	3,886	178	824
% of Last Year	54%	48%	76%	46%	53%	49%	45%	36%	83%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service YTD-Year-to-Date

**Select Canadian Ports - Export Inspections**

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 7/26/01			
Vancouver	6,094	508	1,266
Prince Rupert	2,053		2
Prairie Direct	1,289	368	507
Thunder Bay	726	225	112
St. Lawrence	2,511	2,266	24
2000 YTD Exports	12,673	3,367	1,911
1999 YTD Exports	14,093	3,482	1,684
% of Last Year	90%	97%	113%



**Gulf Region
Vessels Loaded
- Past 7 Days-**

Port Region Ocean Grain Vessels

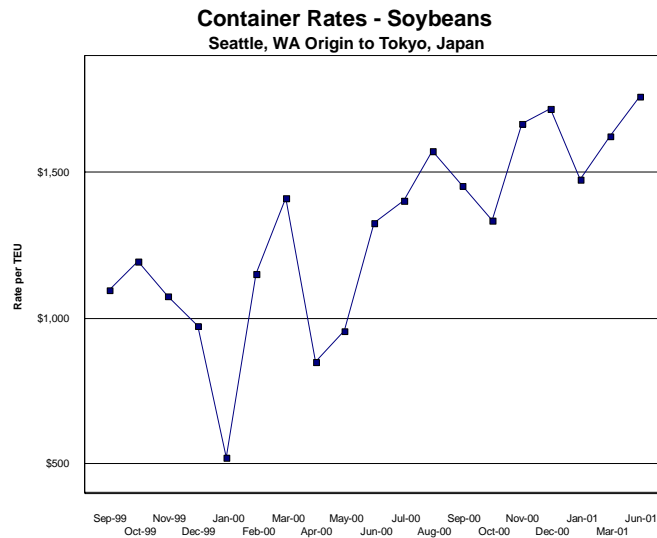
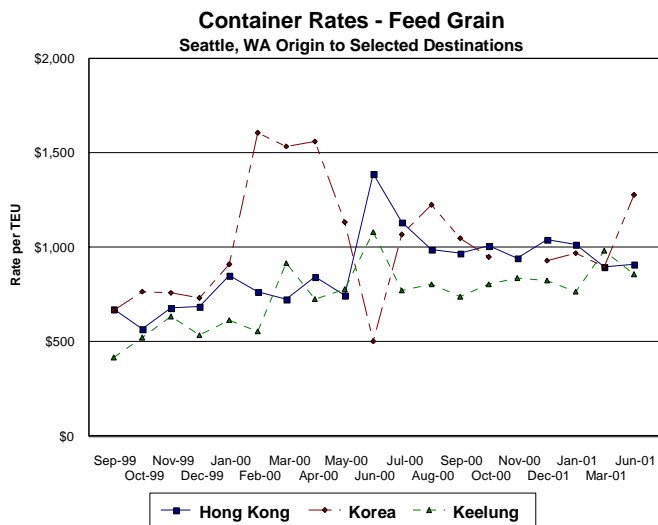
	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
07/19/01	29	43	72	5			9	11	4
07/26/01	42	47	65	10			7	10	4
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA

Container Ocean Freight Rates

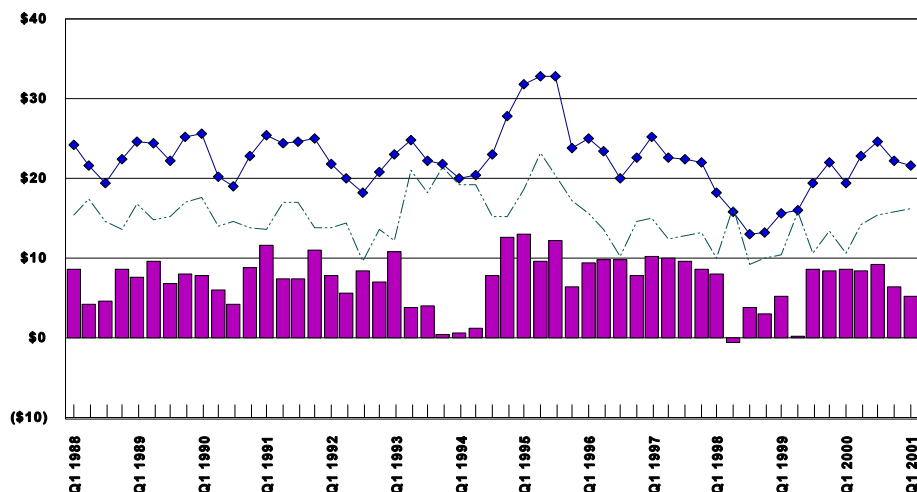
Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share

Source: Transportation & Marketing/AMS/USDA



◆ Rate - Gulf to Japan
 --- Rate - PNW to Japan
 ■ Spread - Gulf vs. PNW to Japan

US\$/Metric Ton



Quarterly Ocean
Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2001 2 nd Qtr	2000 2 nd Qtr	% Change		2001 2 nd Qtr	2000 2 nd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$22.31	\$22.84	-2%	Japan	\$13.50	\$14.37	-6%
Mexico	\$17.84	\$16.58	8%	Red Sea/ Arabian Sea		\$33.46	
Venezuela	\$14.76	\$11.34	30%				
N. Europe	\$16.93	\$15.50	9%	Argentina to			
N. Africa	\$19.52	\$20.91	-6%	N. Europe	\$19.68	\$18.96	4%
				Japan	\$26.62	\$26.57	-

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 7/28/01

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Venezuela	Corn	Aug 1/10	30,000	\$13.00
Gulf	Egypt (Med.)	Wheat	Aug 5/10	55,000	\$12.25
Gulf	Indonesia	Heavy Grain	Jul 31/Aug 6	60,000	\$16.50
Gulf	Taiwan	Heavy Grain	Sept 1/12	54,000	\$17.59
Gulf	Japan	Heavy Grain	Sept 1/15	54,000	\$18.75
PNW	Taiwan	Heavy Grain	Aug 8/13	58,000op56,000	\$11.25op11.50
N. Brazil	Europe	Grains	Prompt	25,000	\$14.00
Buenos Aires	Egypt	Heavy Grain	July 25/30	22,000	\$23.00
Romania	Saudi Arabia	Barley	Aug 3/10	55,000	\$13.50
South Africa	Japan op 2pts.	Corn	Aug 3/8	33,000	\$17.50op18.50

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated; op=option